

ESCARPMENT BIOSPHERE CONSERVANCY INC

FINANCIAL STATEMENTS

DECEMBER 31, 2014

ESCARPMENT BIOSPHERE CONSERVANCY INC

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ELIE BENATAR CA PROFESSIONAL CORPORATION
Licensed Public Accountant

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AUDITOR'S REPORT

To the Shareholders of ESCARPMENT BIOSPHERE CONSERVANCY INC

I have audited the balance sheet of ESCARPMENT BIOSPHERE CONSERVANCY INC as at December 31, 2014 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Elie Benatar
CPA, CA, CPA(USA), CGMA, DFA
Licensed Public Accountant

Toronto, Ontario
April 17, 2015

ESCARPMENT BIOSPHERE CONSERVANCY INC

BALANCE SHEET

AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
Current		
Cash & Cash equivalents(note 9)	\$ 170,829	\$ 20,293
Accounts receivable (note 3)	18,104	17,286
Investments-held for trading (note 5)	301,586	473,920
	<u>490,519</u>	<u>511,499</u>
Non-current		
Investments (note 6)	55,247	55,247
	<u>55,247</u>	<u>55,247</u>
Capital Assets (note 4)		
Cost	13,633,693	11,913,373
	<u>13,633,693</u>	<u>11,913,373</u>
	<u>\$ 14,179,459</u>	<u>\$ 12,480,119</u>
LIABILITIES		
Current		
Accounts payable and accruals	\$ 87,783	\$ 123,224
	<u>87,783</u>	<u>123,224</u>
Long-term		
Mortgage-dewar(note7)	40,000	60,000
	<u>40,000</u>	<u>60,000</u>
	<u>127,783</u>	<u>183,224</u>
SHAREHOLDERS' EQUITY		
Share capital	-	-
Retained earnings	14,051,676	12,296,895
	<u>14,051,676</u>	<u>12,296,895</u>
	<u>\$ 14,179,459</u>	<u>\$ 12,480,119</u>

APPROVED ON BEHALF OF THE BOARD

Director

Director James Murdoch - secretary
ELIE BENATAR CA PROFESSIONAL CORPORATION, Licensed Public Accountant

James Murdoch

ESCARPMENT BIOSPHERE CONSERVANCY INC**STATEMENT OF RETAINED EARNINGS****YEAR ENDED DECEMBER 31, 2014**

	<u>2014</u>	<u>2013</u>
Balance, beginning of the year	\$ 12,296,895	\$ 10,912,977
Net income for the year	<u>1,754,781</u>	<u>1,383,918</u>
	14,051,676	12,296,895
Less dividends	<u>-</u>	<u>-</u>
Balance, end of the year	<u>\$ 14,051,676</u>	<u>\$ 12,296,895</u>

ESCARPMENT BIOSPHERE CONSERVANCY INC

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Revenue		
Donations & Memberships	\$ 82,704	\$ 103,359
Land Donations & Easements	1,622,520	1,378,400
Hydro one income	9,774	10,251
GST refund	15,305	18,191
Gain on realized investments	49,115	4,378
Rental Income	1,900	4,000
Interest & Dividend income	5,307	8,167
Foundation grants-other	220,873	130,329
Gain on unrealized investments	-	25,472
Other Income	1,716	-
Forex	15,882	-
	<u>\$ 2,025,096</u>	<u>\$ 1,682,547</u>
Cost of sales		
Cost of sales	-	-
Gross margin	<u>2,025,096</u>	<u>1,682,547</u>
Selling and administrative expenses		
Acquisition expenses	110,038	-
Management salaries	56,569	65,916
Property Management	23,377	8,618
Contract staff	19,221	15,129
Office	14,993	13,816
Outreach	13,969	-
Fundraising and development	12,291	3,083
Rent	12,000	12,000
Research	6,594	500
Professional fees	5,650	6,000
Freer Point operations	2,591	13,590
Conferences	2,392	-
Travel	1,247	27,086
Bank service charges	229	366
Acquisition costs-legal surveys&trf costs	-	110,115
Land taxes	(10,846)	28,870
	<u>270,315</u>	<u>305,089</u>
Income before income taxes	1,754,781	1,377,458
Net income for the year	<u>\$ 1,754,781</u>	<u>\$ 1,383,918</u>

ESCARPMENT BIOSPHERE CONSERVANCY INC

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Net income	\$ 1,754,781	\$ 1,383,918
Items not affecting cash:		
Increase in accounts receivable	(818)	(4,344)
Decrease in accounts payable and accruals	(35,441)	40,174
Interest income included in net income	-	110,115
Net cash from (for) operating activities	1,718,522	1,529,863
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,720,320)	(81,925)
Purchase of investments	-	(41,224)
Proceeds from sale of investments	-	2,000
sale of investments	172,334	-
Interest received	-	(110,115)
Cash from (for) investing activities	(1,547,986)	(231,264)
Cash flows from financing activities:		
Long term debt	(20,000)	40,000
Cash from (for) financing activities	(20,000)	110,000
Increase (decrease) in cash resources	\$ 150,536	\$ 1,408,599
Cash and equivalents (deficiency):		
Beginning of period	20,293	110,094
End of period	\$ 170,829	\$ 20,293
Cash is comprised of:		
Cash	\$ 170,829	\$ 20,293
	\$ 170,829	\$ 152,969
Supplemental Information:		
Interest paid	\$ -	\$ -
Income tax paid	-	-
	\$ -	\$ -

ESCARPMENT BIOSPHERE CONSERVANCY INC

NOTES TO FINANCIAL STATEMENTS

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1. Statutes of Incorporation and Nature of Activities

EBC is a registered charity whose mission is to manage a system of nature reserves in the area of Niagara Escarpment.

Primary revenue sources are public contributions, including gifts of land. The charity is involved acquiring land for conservation and protect it from development and educate the public including sustainable low impact recreation. Primary revenue sources are public contributions, including gift land. The charity is involved in acquiring land for conservation and protect it from development : educate the public.

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NOTES TO FINANCIAL STATEMENTS

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2. Summary of Significant Accounting Policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and are in accordance with Canadian GAAP..

ASPE assumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business. Outlined below are those policies considered significant for the Company.

Revenue recognition

Donations and memberships are reported when received. Land donations in kind are reported at FMV determined by an independent appraiser, at time of acquisition and are neither inflated nor depreciated. Foundation grants are recorded on receipt.

Unrealized investments=excess of Fair value over book value.

HST refund is recorded on an accrual basis as earned.

Hydro income is recorded on receipt

Sale of investments result in gain on realization.

b) Management Estimates

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Differences in actual results from prior estimates are taken into account at the time the differences are determined.

c) Foreign Exchange:

The Company's transactions in foreign currency are translated into Canadian dollar equivalents at the exchange rate in effect at the time of the transaction and

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are included within the appropriate income or expense category.

Monetary assets and liabilities are translated to Canadian dollar equivalents at the exchange rate in effect at the date of the balance sheet. Realized and unrealized exchange gain or losses are included in earnings. The Company does not use derivative instruments to mitigate foreign exchange risk.

Marketable securities:

Marketable securities are valued at cost. Market value is \$301,584

3. Accounts Receivable

Accounts receivable consist of the GST Refunds:

	2014	2013
	\$	\$
	18,104	17,286

4. Capital assets are comprised of the following:

	2014	2014	2014	2013
	Cost	Accumulated amortization	Net Value	Net Value
	\$	\$	\$	\$
Land & Easements at cost	4,042,700	-	4,042,700	3,944,900
Land & Easements at app	9,590,993	-	9,590,993	7,968,473
	13,633,693	-	13,633,693	11,913,373

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NOTES TO FINANCIAL STATEMENTS

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5. Investments Held for trading:

	2014	2013
	\$	\$
BMO Nesbitt Burns	-	1,152
CIBC Wood Gundy	301,585	472,637
	301,585	473,789

equities \$214,167
 mutual funds \$ 87,418

6. Long term investments:

Industrial Energy Solutions	55,247	55,247
solar generator generated \$9774 this year		

7. Long term Debt-Mortgage Dewar:

The \$40,000 mortgage from Dewar is secured by Lot 8, Conc 14, Carnavon, Manitoulin

8. Income Taxes

Charities are exempt from tax

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NOTES TO FINANCIAL STATEMENTS
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9. Cash and cash equivalents

	2014	2013
	\$	\$
BMO checking	\$88,192	20293
WG CAD	\$517	130467
WG USD	70,695	2,059
	-	-
TOTAL	\$159,404	\$152,819

10. Subsequent events

There are no subsequent events

11. Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, investments accounts payable and debt.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.